

Message Text

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50

ACTION EA-14

INFO OCT-01 ADP-00 AGR-20 EB-11 COME-00 CIAE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-15

USIA-15 IO-13 RSR-01 TRSE-00 OMB-01 SSO-00 /129 W

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P R 271055Z AUG 73

FM AMEMBASSY PHNOM PENH

TO SECSTATE WASHDC PRIORITY 2755

INFO AMEMBASSY BANGKOK

AMEMBASSY SAIGON

CINCPAC HONOLULU

COMUSMACTHAI

DIA WASHDC

SECDEF

USSAG

C O N F I D E N T I A L PHNOM PENH 8983

FOR STATE/AID

E.O. 11652: GDS

TAGS: EGEN, EAID, CB

SUBJECT: RICE SITUATION

REF: PHNOM PENH 8723

1. THE FOLLOWING IS A PROJECTION OF THE RICE SITUATION IN PHNOM
PENH COVERING THE PERIOD FROM AUGUST 19 THROUGH AUGUST 31, 1973.

	8/19	8/20	8/21	8/22
BEGINNING STOCK	24,021.4	24,021.4	23,421.4	23,266.6
ROUTE 5	--	--	--	--
ROUTE 4	--	--	--	--
MEKONG RIVER	--	--	--	--
TOTAL AVAILABLE	24,021.4	24,021.4	24,252.8	23,266.6
LESS DISTRIBUTION	--	600.0	981.9	676.0

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BALANCE	24,021.4	23,241.4	23,270.9	22,590.6
LESS ADJUSTMENT	--	--	4.3	--
BALANCE	24,021.4	23,421.4	23,266.6	22,590.6

	8/23	8/24	8/25	8/26
BEGINNING STOCK		22,590.6	21,987.7	21,271.8 20,757.0
ROUTE 5	--	--	--	--
ROUTE 4	--	--	--	--
MEKONG RIVER	--	--	--	--
TOTAL AVAILABLE		22,590.6	21,987.7	21,271.8 20,757.0
LESS DISTRIBUTION		597.6	712.8	514.7 --
BALANCE		21,993.9	21,274.9	20,757.1 20,757.0
LESS ADJUSTMENT		5.3	3.1	0.1 --
BALANCE		21,987.7	21,271.8	20,757.0 ,20,757.0

	8/27	8/28	8/29	8/30
BEGINNING STOCK		20,757.0	20,237.0	19,717.0 19,197.0
ROUTE 5	--	--	--	--
ROUTE 4	--	--	--	--
MEKONG RIVER	--	--	--	--
TOTAL AVAILABLE		20,757.0	20,237.0	29,717.0 19,197.0
LESS DISTRIBUTION		520	520	520 520
BALANCE		20,237.0	19,717.0	19,197.0 18,677.0

	8/31
BEGINNING STOCK	18,677.0
ROUTE 5	--
ROUTE 4	--
MEKONG RIVER	--
TOTAL AVAILABLE	18,677.0
LESS DISTRIBUTION	520
BALANCE	18,157 - 34.9 DAYS

2. STOCK POSITION AND RICE DISTRIBUTION. AS OF AUGUST 27, THERE WERE APPROXIMATELY 20,237 MT OF RICE ON HAND IN PHNOM PENH WAREHOUSES OR APPROXIMATELY 39.9 DAYS SUPPLY. THE RICE DISTRIBUTION RATE CONTINUES TO CLIMB, HAVING AVERAGED 583.3 MT IN THE LAST SEVEN DAYS. HOWEVER, THE DAILY AVERAGE OVER THE LAST 67 DAYS IS ONLY 500.6 MT. AS IT BECOMES MORE AND MORE AWARE OF THE DISMAL OUTLOOK FOR THE PROJECTED RICE STOCK SITUATION AT THE MID-OCTOBER POINT, THE GKR'S RICE COMMITTEE IS SHOWING GREAT CONCERN OVER THE LARGE QUANTITY OF BROKENS

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THAT COULD BE MIXED WITH RICE FOR HUMAN CONSUMPTION BUT GOES INSTEAD INTO THE PRODUCTION OF ALCOHOL. WITH THE EXCEPTION OF THE LARGEST DISTILLERY, STATE-OWNED S.K.D., WHICH IS THE SOLE PRODUCER OF MEDICINAL ALCOHOL, THERE ARE SEVEN TO EIGHT AUTHORIZED DISTILLERIES PLUS APPROXIMATELY FOURTEEN CLANDESTINE ONES WHICH PRODUCE NOTHING BUT DRINKABLE

ALCOHOL. ALL TOLD, IT IS ESTIMATED THAT 60,000 MET OF BROKENS PLUS SUBSTANTIAL AMOUNT OF RICE GO EVERY YEAR INTO THE PRODUCTION OF DISTILLED LIQUOR. THE RICE COMMITTEE IS RECOMMENDING TO THE GOVERNMENT THAT MEASURES BE TAKEN IMMEDIATELY TO PROHIBIT THE SALE OF BROKENS TO ALL DISTILLERIES EXCEPT S.K.D., WHICH IS TO BE GIVEN A 1 1/2 MONTH GRACE PERIOD TO SUBSTITUTE ANOTHER SOURCE OF RAW MATERIAL FOR THE PRODUCTION OF MEDICINAL ALCOHOL. THE COMMITTEE IS ALSO ENJOINING

THE BUREAU OF CUSTOMS TO REPRESS VIGOROUSLY CLANDESTINE DISTILLERIES. THIS MAY BE A DIFFICULT TASK BECAUSE THESE MILLS ARE LOCATED OUTSIDE OF PHNOM PENH, MAINLY IN KOMPONG SPEU, BATTAMBANG AND PURSAT, AND OPERATE ALLEGEDLY UNDER THE PROTECTION OF PROVINCIAL MILITARY AUTHORITIES. IN ORDER TO SLOW-DOWN THE RICE DISTRIBUTION RATE IN PHNOM PENH, THE RICE COMMITTEE HAS ALSO DECIDED TO REDUCE THE DAILY QUOTA ALLOCATED TO CIVIL SERVANTS.

3. ROUTE 5. THE ROUTE HAS BEEN INTERDICTED BY THE ENEMY. THE ROAD CONVOY SCHEDULED TO ARRIVE IN PHNOM PENH ON AUGUST 25 IS HELD UP IN KOMPONG CHHNANG UNTIL SUCH TIME AS FANK IS ABLE TO REOPEN THE ROAD. ALTHOUGH THE CONVOY COMPRISES 170 TRUCKS, THERE IS NO INFORMATION YET AS TO THE AMOUNT OF RICE THAT IS BEING TRANSPORTED TO PHNOM PENH.

4. BATTAMBANG RICE. A HIGH LEVEL CKR DELEGATION MADE-UP OF THE MINISTERS OF INTERIOR, COMMERCE AND PUBLIC WORKS WENT TO BATTAMBANG OVER THE WEEKEND TO DETERMINE THE AMOUNT OF ADDITIONAL RICE AND/OR PADDY THAT COULD POSSIBLY BE OBTAINED FROM RICE MERCHANTS IF THE GOVERNMENT WERE TO INCREASE THE OFFICIAL PURCHASING PRICE. THE RICE COMMITTEE WAS INFORMED ON AUGUST 27 THAT THE MINISTER OF COMMERCE HAS ESTIMATED THE AMOUNT OF SURPLUS RICE IN BATTAMBANG TO BE 4,000 MT. MEMBERS OF THE COMMITTEE WERE SKEPTICAL ABOUT THIS FIGURE, THE CONSENSUS BEING THAT THERE SHOULD REMAIN IN BATTAMBANG ABOUT 200,000 SACS OF PADDY OR OVER 8,000 MT OF RICE. AT THE NEXT CABINET CONFIDENTIAL

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MEETING SCHEDULED FOR AUGUST 28, THE MATTER OF INCREASING THE OFFICIAL PURCHASING PRICE WILL AGAIN BE DISCUSSED AND HOPEFULLY AGREED TO. FOR OUR PART, WE HAVE PRESENTED A PAPER TO THE RICE COMMITTEE STATING THE REASONS WHY WE FAVOR SUCH AN INCREASE. THIS PAPER WAS ORIGINALLY PREPARED FOR MR. COOPER OF NSC WHO VISITED PHNOM PENH ON AUGUST 24. THE FULL CONTENT WILL BE REPORTED TO AID/W UNDER A SEPARATE MESSAGE.

5. ROUTE 4. THIS ROUTE IS CLOSED AGAIN. HOWEVER NO RICE SHIPMENT IS SCHEDULED TO ARRIVE TO PHNOM PENH VIA THIS ROUTE IN THE IMMEDIATE FUTURE.

6. THAI RICE. LY KIM HENG RETURNED FROM BANGKOK ON AUGUST 25 WITH A DULY EXECUTED CONTRACT FOR A SECOND 5,000 MT OF RICE, NAMELY GRADE AL SUPER BROKENS. SHIPMENT ARRANGEMENTS CALL FOR LOADING IN BANGKOK IN EARLY SEPTEMBER. THE PREVIOUS 5,000 MT LEFT BANGKOK ON AUGUST 21 ON TWO VESSELS. THE TECK TAI WITH 3,400 MT HAS ARRIVED IN KOMPONG SOM WHERE THE FULL TONNAGE WILL BE UNLOADED AND KEPT THERE TO INSURE A CONTINUING SUPPLY OF RICE IN THE MARITIME PROVINCES WHICH WERE DOWN LAST WEEK TO A 200 MT STOCK. THE SECOND VESSEL, THE WING PENG, IS PROCEEDING TO VUNG THAU WHERE SHE WILL AWAIT THE NEXT REGULAR MEKONG CONVOY SCHEDULED SEPTEMBER 2. WITH RESPECT TO THE NEXT PURCHASE OF THAI RICE, THAT IS THE FIRST

12,000 MT OF A PROJECTED 25,000MT, WE ARE PRESENTLY REVIEWING THE BEST AND MOST EXPEDITIOUS WAY TO APPROACH THE RTG. PER PHNOM PENH 8907, WE ARE RECOMMENDING DIRECT U.S. GOVERNMENT PROCUREMENT WITH A TEAM FROM AID/W GOING TO BANGKOK AND STAYING AS LONG AS NECESSARY TO NEGOTIATE THE PURCHASE OF THE FULL 25,000 MT AND ARRANGE FOR SHIPMENT TO ARRIVE IN EARLY OCTOBER. THE GKR'S OWN EFFORTS ALONG THESE LINES WILL BE REPORTED UNDER A SEPARATE MESSAGE.

7. RICE AIRLIFTS. FOR THE PERIOD AUGUST 20 THROUGH 26, THE TOTAL AMOUNT OF RICE AIRLIFTED BY NUMBER OF SORTIES AND METRIC TONS IS AS FOLLOWS:

	KOMPONG THOM	SVAY RIENG	KOMPONG CHAM
GKR	34 - 94.7	15 - 60.0	16 - 115.6
AIR AMERICA	NA	54 - 307.5	12 - 71.2

THE LAST AIR AMERICA AIRLIFT FROM PHNOM PENH TO KOMPONG CHAM TOOK PLACE ON AUGUST 20 WHEN THE ORIGINAL AIRLIFT GOAL OF 2,000 MT BY CONFIDENTIAL

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SEPTEMBER 1 WAS REACHED ELEVEN DAYS AHEAD OF SCHEDULE. SINCE AUGUST 20, THE SITUATION IN KOMPONG CHAM HAS DETERIORATED STEADILY AS THE ENEMY PURSUE ITS ADVANCE TOWARDSTHE TOWN. SEVERAL DOMESTIC

AIRCRAFT TRANSPORTING RICE DURING THE PAST WEEK WERE HIT BY RIFLE SHOTS AS THEY APPROACHED THE AIRFIELD. ON AUGUST 25 AND 26, THE GKR RICE AIRLIFT WAS INTERRUPTED BECAUSE OF THE INSECURITY AT THE KOMPONG CHAM AIRPORT.

THE AIR AMERICA RICE AIRLIFT FROM SAIGON TO SVAY RIENG WAS RESUMED ON AUGUST 21. OF THE 900 MT RELEASED BY GVN, 400 ARE DESTINED FOR SVAY RIENG AND THE BALANCE OF 500 MT WILL REMAIN IN SAIGON UNTIL NEEDED FOR ONE OR THE OTHER OF THE BESIEGED KHMER PROVINCIAL CENTERS. THE GKR RICE AIRLIFT IS HINDERED BY MECHANICAL FAILURES AND/OR MILITARY REQUISITIONING FOR TROOP TRANSPORTATION.
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